

Council Workshop
October 19, 2004

Mayor Marse called to order the water and sewer fee workshop of October 19, 2004 at 7 pm.

Members Present: Mayor J.M. Marse, Council members Janice McLean, Earl King, Jean Arrant, Mike Helton, and Ray Jackson were present. Also present: Brooke Jackson and City Attorney Clayton Adkinson.

Councilman Helton did the invocation and the pledge of allegiance was recited.

Mayor Marse welcomed the audience to the meeting and explained the purpose of the meeting was due to an objection during a regular council meeting on October 12, 2004. The Council set this workshop to review the purposed fees for water and sewer for the franchised area.

Attorney Adkinson stated that before the Council was a purposed resolution for the water rate fee change, one ordinance changing the sewer and water impact fees, and another establishing new sewer user charges.

Mayor Marse stated that after the Council agreed to take sewer out to the bay area, fees needed to be increased to pay back a loan. Councilwoman McLean and Engineer Charles Peters worked on a fee schedule to support the cost that would be incurred by the City. These fees were needed for the County to ensure the ability for the City to pay back a loan and still have working capital. The County accepted the purposed rates, yet it does require a rate increase for the schedule to be feasible. Mayor Marse stated that if it is not justifiable to the Council, then the City needs to scrape the idea and give it to someone whom will run the sewer. The rates still need to be increased due to the years of usage, because the present system is in need of upgrading and maintenance.

Jack Rhodes spoke to the Council by asking if he was looking at the same paperwork in regards to the rates. Attorney Adkinson explained that the sewer impact fee would increase \$500 for each level of service (e.g. residential, collective, commercial) Mayor Marse noted that the rate increase is in line with other area utility company fees. These fees are not doubling.

Clerk Riley joined the workshop.

Attorney Adkinson explained to the Council that the impact fees are established by ordinance. The tap fees should be set by resolution. Councilman King asked where the resolution for sewer tap fees was located. Attorney Adkinson admitted to not drafting a document for the change of the sewer tap fees. A resolution needs to be prepared. Engineer Peters explained that normally the fees are collected at the time of application. He also explained that a tap fee is for the cost of labor and material to install a tap and is used for operating expenses. The impact fee is for future upgrading to the system and is collected when a commitment of services is request and was established when the City started getting bonds for capital improvements. He also expressed that the fees are in line with local utility companies. Councilman King stated that tap fees were not used for upgrades, just the impact fees. He feels that development should not be punished with increased fees, but an increase in the monthly usage charge would be okay. Mayor Marse noted that although the City has received a grant, through the efforts of Kasey Keyes, Jack Rhodes of Freeport 860, the City would be running sewer along Bay Loop to residents outside the City, and we needed help paying for this property. Councilman Jackson and Councilwoman Arrant stated that due to the aging of the present system the rates need to be increased.

Engineer Peters stated that the loan from Walton County would only need to be pay back as we ran sewer to that area. It was not a blank 10 million dollar loan, but would be borrowed in phases, and the developers would pay most of the loan back. The county would forgive a portion

Jack Rhodes commented that he recognizes that the City is in the utility business, and understanding that businesses need to increase fees. What he has not seen is an

analyst on how the rate increase is justified. This does not include the monthly fee, just the tap and impact fees. He noted that within the comp plan monetary figures stated that the Freeport 860 project alone would create some 6.2 million dollars worth of revenue by impact fees alone. The developer is also placing 14 million dollars worth of infrastructure within the development to give to the City, thus increasing their assets. He considered this unjust because the developer not only paid for the infrastructure, but fees on top of that just for allowing the developer to use water and sewer facilities. He cares nothing about the area outside the City, he states that this is a decision of the Council. The previous cost of projects have been under budgeted thus causing the City to have to seek other forms of revenue. He asked if the City would consider getting a fare and not a “dog in the hunt” firm to do a cost analyst on these large projects. Kasey Keyes spoke about the comp. plan that showed figures coming from impact fees for additional services to the plant. With doubling the plant capacity to 600,000 gallons per day we should generate some 2.74 million dollars, thus giving an extra 1372 taps. As the plant stands today there were some 549 available taps, thus generating 1.098 million. She demonstrated the cost of the present fees would generate several million dollars, thus not requiring an increase within the City. Further explaining to the Council that these figures were required by DCA, and were truly generated by hard facts.

These are not completely done, will have the rest done in the morning for your review prior to the meeting.

With no further questions or comments, the meeting was adjourned at 8:25 pm.

ATTEST:

APPROVED:

J.M. Marse, Mayor

Diane Riley, City Clerk

Janice McLean, President of Council